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Transportation Group

Weekly Intelligence Summary No. 6

Auth: DDA Memo, 4 Apr 77
DDA REG. 77/1763

Date: 1 March 5 April 1946 By: 028

SURFACE TRANSPORTATION

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Use of Japanese Crews on Panamanian-Flag Vessels

Through the use of Japanese crews, which is under consideration, owners of Panamanian-flag vessels may be able to regain or even exceed the former advantage they held over US-flag vessels. Since Japanese seamen are under the control of US military authorities, however, the move cannot be adopted without US approval. In addition to purely economic considerations, the US is studying the security aspect of the unrestricted movement of Japanese nationals on foreign vessels.

Many vessels of foreign ownership have been placed under Panamanian registry to take advantage of the extremely liberal taxation provisions of that country and, in the case of US owners, to reduce the cost of crew labor. The latter advantage, however, has been largely dissipated in recent years by a steady rise in the wages of Latin American crews used predominantly on Panamanian-flag vessels. Moreover, the efficiency of these crews in operation and cargo handling has been low.

The use of Japanese nationals as crew members would be an effective move since the Japanese are traditionally not only excellent sailors, but also the lowest paid workers in the maritime industry. (In 1938, a first mate on a Japanese vessel received about \$39.00 a month; a US first mate, about \$204.00.) While wage scales in world shipping will doubtless fluctuate, there are no immediate prospects that the long-standing differential in rates for Japanese seamen will be appreciably altered. A particularly advantageous result of using Japanese crews would be the reduction in cargo handling costs, which have been steadily on the increase in world shipping for several years.

UK Leads World in Shipbuilding

Marked success of British determination to regain the former pre-eminence of UK merchant shipbuilding is revealed by increased merchant vessel construction. According to recent Lloyd reports, the UK accounted in 1947 for about 57 percent of world tonnage launched, compared with about 53 percent in 1946 and 34 percent in 1938. The increase in shipbuilding for foreign account has been particularly sharp. Of the 1,202,024 gross tons

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launched in 1947, about 52 percent was for foreign account, while in 1938 only about 20 percent of launchings were for non-British purchasers. On the other hand, the UK launched more tonnage in 1947 for its own merchant fleet than did any other country. (UK construction for fleet expansion and replacement totaled 823,871 tons. Sweden, next highest, launched only 98,620 tons.)

The aggressive British shipbuilding program will benefit the UK in various ways. Through its emphasis upon vessels designed for specific trades, the construction program will greatly aid the British competitive position in such trades. The operation of an expanded merchant fleet, furthermore, will substantially ameliorate the UK foreign exchange position. Its foreign exchange position will receive additional support through the construction of vessels for foreign countries, particularly by construction for non-sterling countries. (Approximately 160,000 of the 380,153 tons launched for foreign register were for nations outside the sterling area.) Finally, the construction program involves the establishment or renewal of close commercial relationships in the world of merchant shipping, which will bring great advantages to the whole range of British international trading activity.

CIVIL AVIATION

1. A new civil air agreement, signed by Czechoslovakia and Yugoslavia in Belgrade on March 25, confirms existing air services between the two countries. It also provides for improved Yugoslav air connections with Czechoslovakia and Poland, and (contingent upon permission to overfly Biconia) a proposed route extension from Prague to Western Europe (Amsterdam). Czechoslovakia, in turn, obtains new operating rights through Yugoslavia on routes to Bulgaria, Italy and the Near East.

2. The US Department of State has expressed informally to the Greek and Turkish Governments its desire to prevent the expansion of Czechoslovak Airlines services to the Near East. The Greek Government has agreed to postpone indefinitely the conclusion of a Greek-Czechoslovak bilateral agreement now under discussion. The Turkish Government, on the other hand, while sympathetic to the US objectives, points out that a Turkish-Czechoslovak reciprocal air agreement has been in effect since March 1947. Turkey, furthermore, would be reluctant to abrogate the agreement, fearing Czechoslovak retaliation in connection with trade relations between the two countries. (Czechoslovakia is the fifth largest purchaser of Turkish goods and fourth among countries furnishing Turkish imports.) The Turks also point out that a deterioration in their economic position, through Czechoslovak reprisals, would run counter to the express aim of the European Recovery Program to rehabilitate the Turkish economy.

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